

**MINUTES OF IWCC MEDICAL FEE ADVISORY BOARD
IWCC CHICAGO OFFICE, ORAL ARGUMENT ROOM
HELD ON JANUARY 31, 2008**

Present at the meeting were:

Dennis Ruth, Chairman
Ms. Maddy Bowling, Employer Representative
Ms. Elena Butkus, Medical Provider Representative
Mr. John Smolk, Employer Representative

Attending the meeting via conference call:

Ms. Kathryn Tazic, Employer Representative

Other attending IWCC board members were:

Mr. Mark Flannery, Workers' Compensation Advisory Board
Mr. David B. Menchetti, Workers' Compensation Advisory Board

IWCC staff present at the meeting were:

Mr. Glen Boyle, Medical Fee Schedule Project Manager
Ms. Kathryn Kelley, IWCC General Counsel
Ms. Amy Masters, Secretary of the Commission
Ms. Susan Piha, IWCC Research and Education Manager

Chairman Ruth called the meeting to order at 9:23 a.m.

The minutes from the November 15, 2007 meeting were unanimously approved as presented. Ms. Maddy Bowling noted that pursuant to discussion at the November meeting, the subject of access should be included in the current meeting's agenda, and Chairman Ruth agreed.

Documents were distributed to the board, including the proposed rule process, proposed rules and guidelines, and an example of a rehabilitation hospital payment in regards to per diem reimbursement amounts.

Chairman Ruth indicated the primary purpose of the January meeting was to address proposed rules and guidelines related to the new medical fee schedules for hospital outpatient treatment, ambulatory surgical trauma centers (ASTCs), and rehabilitation hospitals. Chairman Ruth indicated the development of these medical fee schedules was a very difficult task, and once in place, he believes Illinois's fee schedule will be the most comprehensive in the nation.

Chairman Ruth explained the JCAR rules process, and noted that the Commission would also hold public hearings in Chicago and Springfield to provide greater opportunity for comments, though the hearings are not required.

Next Mr. Glen Boyle, medical fee schedule project manager, presented the proposed rules and guidelines in relation to the new fee schedules. Mr. Boyle noted the comprehensive nature of the fee schedule overall, as hospital outpatient will have fee schedules in place where previously they were paid at 76 percent of charge. He added the rehabilitation hospital services fee schedule is the only workers' compensation fee schedule of its kind in the nation.

Chairman Ruth noted that several examples of how to work through fee schedules would also be posted on the IWCC web site as additional references.

Next Mr. Boyle explained the per diem fee schedule established for rehabilitation hospitals, which uses primary diagnosis codes based on general categories recognized by Medicare to establish a per diem amount for each category at 90 percent of the 80th percentile. He added the fee schedule only applies to three facilities and it will probably apply to less than one percent of all workers' compensation claims.

Ms. Barb Malloy with the City of Chicago questioned whether DRG 462 (generic rehabilitation DRG used by many facilities) has been reset to remove Schwab and RIC from the 606 zip code, to avoid using data from the rehab facilities twice. The board discussed this issue further, and Mr. Boyle indicated he would look into this issue further.

Ms. Malloy also noted that Schwab would more than likely be paid at 100% of charge due to the facility's lower rates in comparison to Rehab Institute of Chicago, since they are both in the same geo-zip. Mr. Boyle indicated due to the statutory geo-zip requirements with both hospitals being in the same geo-zip there was no way to avoid the outcome.

The board next discussed the rules statement requiring bills and payments to be based on DRGs. Ms. Elena Butkus noted that half of the hospitals have converted to MS-DRG due to Medicare requirements that went into effect October, 2007, while other hospitals still bill DRG. She added that hospital bills often include procedural codes on a totally different system, and hospitals are unable to bill on a DRG basis without buying an expensive grouper to do so. Ms. Butkus also noted the importance of being paid on a Version 24 grouper, since the fee schedule is based on the Version 24 grouper.

The board discussed the issue of DRG billing and payments, and concluded the fee schedule should be rerun on a MS-DRG basis. However, until the fee schedule is rerun, which could take up to six months, the issue of determining proper billing and payments in the interim must be resolved. Mr. John Smolk suggested hospitals join a workers' compensation PPO to avoid these billing problems. Ms. Butkus suggested the payors should be responsible for determining correct DRG payment, as hospitals don't always bill by DRG, and indicated she would encourage hospitals to specify the DRG on the

claim whenever possible. However, the employer representatives felt it would be unfair to place the burden on the payors, and also pointed out this would contribute to more billing disputes.

Mr. Boyle suggested the use of a free version 24 crosswalk provided by CMS and available on the IWCC web site as a temporary fix. The facilities and payors can use the crosswalk to translate MS-DRGs, currently available to all hospitals after October, 2007, into DRGs, currently utilized by the medical fee schedule.

The group next discussed the issue of crosswalking new MS-DRG codes to DRG codes, and problems that could be experienced when utilizing this crosswalk when codes do not match on a one-to-one basis. They also debated whether payors and/or providers should be responsible for crosswalking the codes.

At 10:40 a.m. the board took a break to allow the employer and provider communities an opportunity to discuss the issues amongst themselves. Chairman Ruth emphasized the importance of resolving the issue immediately, and reaching an agreement.

Upon return from the break at 10:55 a.m., the employer community proposed that both providers and payors bill and pay properly per the statute, and then to agree on a timeframe to convert the fee schedule to a MS-DRG based fee system. While the board quickly came to a consensus that the fee schedule should be rerun, Mr. Boyle informed the group it could be a 3-6 month timeframe to accomplish based on his limited availability and unforeseen problems that may arise. He did point out that a positive result of basing the fee schedule on MS-DRG fees would create more fee schedules to replace current POC 76 charges.

Mr. Jay Shattuck with the Illinois Employment Law Council questioned what type of substantive changes could be made to the rules during the rulemaking process. After short discussion, Mr. David Menchetti suggested a MS-DRG fee schedule would be implemented as soon as practicable, but no later than a specific date. Additionally, Mr. Shattuck suggested these comments and language change could be revised during the 45-day comment period to ensure the rulemaking process isn't delayed.

In the interim, the board decided to leave the current information as is with the current DRG system.

The board discussed the timetable for completing the fee schedule rerun. In anticipation of unforeseen complications, Chairman Ruth suggested the new fee schedule be implemented by January 1, 2009, and revised language could be added to the proposed rules to reflect this date. Ms. Butkus requested to see the revised language before it is submitted.

Mr. Mark Flannery, member of the Workers' Compensation Advisory Board, presented a proposal for an access-to-care rule on behalf of the business community. He noted the general intent of the rule is to create a comprehensive rule to address procedure as well as

access criteria. Ms. Bowling suggested the proposed rule be included on the next meeting's agenda.

Ms. Bowling also requested to include the issue of CPT change analysis on the next meeting's agenda.

Next the board discussed the 2008 meeting schedule. Ms. Butkus suggested another meeting might be needed to discuss the new outpatient rules. The board agreed to set another meeting on February 21, 2008 at 9:00 a.m., and Chairman Ruth noted the Commissioners would meet that afternoon to vote on the rules.

The meeting adjourned at 12:00 noon.